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NFAC #3467-79

2 July 1979

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : NIOs III: The Management of NFAC Production

1. In my last memorandum I noted that crafting an organizational solution for the NIOs depended on the relative weights given to the "Community interest" and to managerial efficiency, but emphasized that underlying both was the problem of organizing production in a rational way. I also noted the overriding need to reduce the number of officers reporting to DD/NFA. Further thought leads me to the conclusion that these last two statements are linked.

2. NFAC production probably cannot be and should not be centrally managed in pursuit of some ideal highly-structured long-term plan. NFAC is too large; there are too many analysts working on too many complex and interrelated subjects. The foreign world we deal with and the requirements of the Administration we serve change too fast for any plan to survive. The priorities of current reporting, policy support, and research vary from day to day and area to area. Moreover, analysts perversely pursue their individual careers without regard for planned buildup of expertise. These factors impose on management a need to deal philosophically with a degree of chaos.

3. This does not mean that we should be entirely the prisoners of events. NFAC management can identify a fair number of major problems it wants continually covered in depth and of projects it wants undertaken, it can intervene regularly to single out projects underway which it believes should receive special attention, and it can enforce a discipline on the way its components shape their individual programs to foster coordination and focus work on its highest priorities. What it cannot do is impose a rigid plan or exercise centralized control over production, for to do either is to sacrifice flexibility of response. Responsibility for carrying out these guidelines and for shaping the mass of production not covered by them should remain decentralized. Note, however, that centralized control and planning tends to foster interdisciplinary work; it would be important not to sacrifice our gains here.

4. Decentralization does not have to mean retaining the present organization, which has a congeries of Office Directors, NIOs, and Staff heads reporting directly to DD/NFA and in which it is unclear to all which matters are under centralized control and which are delegated.

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As noted above, centralized planning and control of production is cumbersome and probably impossible. Fully decentralized control, as practised in the past, results in confusion, waste, and institutional arrogance; it is equally undesirable in the face of budgetary limitations and pressure from the Congress and Executive Branch for better performance. We need to find a middle solution.

5. The activities of OSI, OWI and OSR are closely related. The same is true of those of OPA, OER and portions of OGCR. Could these relationships be translated into organizational groupings below the NFAC level? If so, it might be possible to delegate production management to these groupings, leaving DD/NFA in a position to manage by exception. Group managers would have smaller, more coherent programs to deal with (the responsibilities of the two groups only overlap in a fundamental way in the Soviet area), more time to give to production, and more familiarity with analytic problems and analytic resources. Larger groupings than the individual offices would provide more flexibility in responding to the unplanned and unrefuseable demand. Finally, the organizational pattern would itself express the need for interdisciplinary work; formation of a politico-economic group would make possible a move toward geographic organization and its accompanying interdisciplinary gains. In fact, if NFAC's general efficiency needs a measure of delegation and a reduction in the span of DD/NFA's control, an answer may be found in extension of this principle, bringing all NFAC's present components under a few group managers.

6. Such an organization would not per se solve the NIO-Office Director problem. Were the NIOs to remain independent of the production elements, some of the present tension might be alleviated by the clear elevation of the group manager to a superior position. On the other hand, the NIOs might be seen as ineffectual and Community interests might be shortchanged. It would be a delicate matter for DD/NFA to maintain a balance. If on the other hand the NIOs were integrated in the production groups, a step that might appear attractive, the present concept of the NIO as the DCI's staff officer would be undercut and the Community interest would require special attention. Either course, however, carries fewer disadvantages than their present undefined status.

Richard Lehman
National Intelligence Officer
for Warning

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